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ISRAEL SAID TO LINK AMERICAN TO UNIT ON ANTITERRORISM

WON'T RETURN DIPLOMATS

Top Officials and Intelligence Leaders Are Reported to Have Joined in Inquiry

By THOMAS L. FRIEDMAN Special to The New York Time

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JERUSALEM, Nov. 28 — An internal Israeli examination has found that Jonathan Jay Pollard, an employee of the United States Navy, was working as an intelligence operative for a secretive Israeli counterterrorism bureau, a highly placed Israeli source said today.

Israeli television reported tonight that the Cabinet was prepared to return to the United States the hundreds of documents Mr. Pollard is said to have obtained. But the high Israeli source said Israel would not accede to an American demand that two Israeli diplomats involved return to the United States for questioning.

In Washington, the State Department had "no reaction" to the reports of the diplomats' return to Israel, a spokesman, Sondra McCarty, said. In Santa Barbara, aides said President Reagan would soon "speak to the nation" about the recent series of spy arrests. [Page

Report Is Nearly Complete

The Israeli examination, the high source here said, was put together over the last week by rime Minister Shimon Peres, Foreign Minister Yitzhak Shamir and Defense Minister Yitzhak Rabin, with the help of the chiefs of the branches of Israeli intelligence.

Mr. Rabin, Mr. Peres and Mr. Shamir personally interviewed some of the key figures involved in the case, the high Israeli source said. Their report was largely complete by Wednesday

Israeli officials relayed the preliminary findings Wednesday to the United States Ambassador, Thomas Pickering, according to Israeli Government sources. The findings presented to Mr. Pickering, with some additional details, were disclosed today to The New York Times by the highly placed Israeli source. A spokesman for the State Department said it would have no comment on the report.

Mr. Pollard has admitted providing Israel with hundreds of pages of classified military documents, according to the Federal Bureau of Investigation. He has been ordered held without bail in the United States.

An Independent Spy Operation

Independent corroboration could not be obtained for the results of the Israeli inquiry. Some findings could serve the interests of the Israeli Government and the political leadership by emphasizing that that they were not aware of this operation. The findings assert that Mr. Pollard approached Israeli officials and they did not approach him, and suggest that one motive for using Mr. Pollard was to find out if the United

Statue was spying on Israel.

The examination's preliminary findings say that a senior Israeli official, in Israel, was running his own espionage operation in Washington and neither the formal Israeli intelligence community nor his own political superiors knew about it.

According to the high Israeli source, the examination came to four key con-

First, it found that Mr. Pollard approached Israel in the spring of 1984 and volunteered to get classified information that might be useful to the Israeli Government: that he appeared to have been primarily motivated by zeal-ous pro-Israeli sentiments; that he later asked for money for some serv-

Second, it found that the Israeli who oversaw his activities was a segior counterterrorism official apparently associated with the office of the Prime Minister's adviser on terrorism. That office is a highly secretive, independent body that looks into all forms of terrorism assinst Israel.

The official has been identified by Israeli newspapers as Rafi Eitan, was the Prime Minister's adviser on terrorism between 1978 and 1984, under Prime Ministers Mene chem Begin and Yitzhak Shamir. Mr. Eitan has denied involvement, and the highly placed Israeli source declined to specify whether Mr. Pollard's supervisor was Mr. Eitan or another member of the same bureau.

The counterterrorism official fun-neled some information he got from Mr. Pollard to the general Israeli intelligence community without identifying the source or teiling his political su-periors what he was doing, according

to the Israeli examination.
Third, the Israeli examination reported that Mr. Pollard initially of fered to obtain American intelligence information about Arab armies and Soviet military hardware in use in the Arab world, and was encouraged to do so by his Israeli contact.

Eventually, Mr. Pollard also sent his contact top-secret American intelligence reports about highly sensitive Is-raell defense matter?, the Israeli inquiry found.

Fear of Penetration Reported

Because of the deep knowledge of Israeli activities indicated by the American intelligence reports said to have been passed along by Mr. Pollard, his contact became convinced that the United States had managed to "penetrate" the Israeli military establish-

trate" the Israeli military establishment, the Israeli examination found.

As a result, the counterterrorism official beann saking Mr. Pollard to provide as many American intelligence reports about Israeli military activities as possible, hoping that thus the leak in the Israeli system could be tracked down, the Israeli inquiry found. At no time, according to the highly placed source, was Mr. Pollard asked to get any information directly related to any information directly related to American national security or weapons

systems.

Fourth, the examination found that the information obtained by Mr. Polfard had been relayed to the two Israeli diplomats in the United States and from them directly to the senior counterterrorism official in Israel. The Mosead, the Israeli intelligence agency, was deliberately frozen out of the

Operation.

The two Israeli diplemats reported involved were Ilan Ravid, an aide to the Washington science attaché, and Yosef Yagur, the science attaché in the Israeli Consulate General in New York City, Israeli Government sources said.

Both men were recalled over the past few days to keep them from being put in a position to have to answer questions from American law-enforcement officials about the affair, Israeli Government sources said.

The highly placed Israel source said that at this stage it appears that no Israeli officials would be punished as a

result of the examination of the Pollard

According to the examiners, Mr. Pollard approached an unidentified Israeli living in Washington in April or May 1984 and told him that he, Mr. Pollard, was authorized by the United States Government to deal with international counterterrorism and that he wanted to coordinate with some Israeli intelligence officials involved in counterter-

He told the Israeli, the examination's findings said, that because of competition in the American intelligence community, he had been as instructed by his superiors to keep his contacts with israel secret from other agencies

The Israeli passed along word of the overture to the senior counterterrorism official in Jerusalem, thinking this would be his area of interest, the highly placed Israeli source said. The counterterrorism official was indeed interested, the Israeli examination found.

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Interest Turns to Araba

After making contact with Mr. Pollard and checking his credentials, the senior Israeli counterterrorism official became intrigued with some of the information to which Mr. Pollard asserted he had access, information that really had nothing to do with counterterrorism, the high Israeli source said.

"Let's just say that matters very quickly developed from the counterterrorism phase to issues related to American intelligence on the military capabilities of the Arab countries," the high source said.

The counterterrorism official decided on his own, the Israeli examination found, to encourage Mr. Pollard to obtain American intelligence material related to Arab military capabilities and codes, the software used in the computer systems of Soviet tanks, missiles, artillery, fighter jet avionics and other Soviet electronic warfare data that the Americans had discovered and that could enable Israel to develop countermeasures. As in other countries, the various branches of intelligence in Israel are highly compartmentalized and competitive.

The senior Israeli counterterrorism official, who had a background in the intelligence community, apparently thought he could score a triumph by obtaining this information through his own sources.

"The information Pollard turned over about Soviet weapons systems was vital for us," the high source said. "It was the kind of information we expected to be given to us by the United States as part of our general exchange of intelligence — but the Americans weren't giving it to us."

Passing the Information On

To be sure the information Mr. Pollard obtained came directly to him, the senior Israeli counterterrorism official had Mr. Pollard report to the two Israeli diplomats working in the collection of scientific data, Israeli Government sources said.

The counterterrorism official apparently ranked high enough to approach the two Israeli diplomats on his own and explain to them that they were to cooperate. Once the information was relayed to Israel, the senior counterterrorism official passed it around to the appropriate Israeli agencies without identifying its origins, the highly placed Israeli source said, adding that because that official normally dealt with intelligence data, his information was not questioned.

Mr. Pollard, according to the Israeli examination, was never asked to obtain material related to United States military affairs or the research and development of American weapons systems. "He did not act against the United States," the highly placed Israeli source said.

As Mr. Pollard became more involved with the Israelis, according to the examination findings, he said he needed funds to help support his new wife, to help pay for an illness in the family and cover his expenses in getting the secret documents.

The examination findings said he was given a total of \$25,000 to \$30,000. The money came from the counterter-

rorism official's discretionary fund, according to those findings.

Last summer Mr. Pollard met in Israel with the senior counterferrorism official, the Israeli examinaers said, and about that time he started passing to his Israeli contact American intelligence reports about Israel.

The reports, according to the examination findings, included a detailed American intelligence study of the Israeli Navy, studies about cooperation between Israel and two countries with which it has no formal diplomatic relations, a detailed analysis of Israel's air, land and see military activities in Lebenon, intelligence reports on Israeli military installations and weapons development.

"In the context of the developing relations with Pollard," said the highly placed Israeli source, "the Israeli counterterrorism official found that he was receiving information from him related to Israel's national security. It appeared to this official, from the information that the Americans had assembled, that the Urited States was clearly running an intelligence operation with regards to matters of Israel's national security."

The examiners said the counterterrorism official decided to try to track down the source of the "breach in Israeli security" by encouraging Mr. Pollard to get him more American intelligence reports on Israel.

According to the high Israeli source,

the counterterrorism official decided not to tell the Prime Minister or anyone else in the Government what he was doing so he would not be stopped or Mr. Pollard's information leaked.

This explanation, if 'rue, would clear Israeli political figures from any involvement in the espionage affair. Asked how an official could behave so independently, the highly placed Israeli source conceded that although it sounded incredible, that is indeed what happened. "This is why everyone on the political level was taken by surprise." that source said.

'Ne Doubt It Was a Mistake'

Asked to sum up the behavior of the Israeli counterterrorism official, the high Israeli source said: "He interpreted our basic policy of not carrying out espionage inside the United States

as meaning not carrying out espionage against the national security interests of the United States."

That source continued: "There is no doubt that it was a mistake on his part to interpret the guidelines in this way. And there is no excess for obtaining information through ronlegal means. But there was no malice on his part. It was a wrong interpretation of guidelines, a sincere mistake."

Would the Israeli counterterrorism official be punished? "No decision on that matter has been taken," the highly placed Israeli source said.